

## Federal Emergency Management Agency

## § 81.1

(13) Periodically obtain updated applications or certifications from insureds for verification and incorporation in statistical and accounting records.

[36 FR 24769, Dec. 22, 1971. Redesignated at 44 FR 31177, May 31, 1979, as amended at 45 FR 41951, June 23, 1980; 54 FR 31681, Aug. 1, 1989]

### § 80.6 Name and address of invoicing company.

The following company has been designated to act as servicing company for the Federal Crime Insurance Program, National Con-Serv, Inc. Written communications with the servicing company should be addressed to: Federal Crime Insurance, P.O. Box 6301, Rockville, MD 20850. The toll free telephone number for the servicing company is 800-638-8780 (policyholder service) and 800-526-2662 (claim inquiries). These numbers serve the continental United States, Puerto Rico and the Virgin Islands, except Maryland and the Washington Metropolitan Area. In the Washington Metropolitan Area call 251-1660. In Maryland, outside the Washington Metropolitan Area, call collect 301-251-1660.

[52 FR 30684, Aug. 17, 1987]

## PART 81—PURCHASE OF INSURANCE AND ADJUSTMENT OF CLAIMS

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AUTHORITY: 12 U.S.C. 1749bbb *et seq.*, Reorganization Plan No. 3 of 1978, 3 CFR, 1978 Comp., p. 329; E.O. 12127, 44 FR 19367, 3 CFR, 1979 Comp., p. 376.

SOURCE: 36 FR 24771, Dec. 22, 1971, unless otherwise noted. Redesignated at 44 FR 31177, May 31, 1979.

### § 81.1 States eligible for the sale of crime insurance.

(a) In accordance with section 1231 of the Act (12 U.S.C. 1749bbb-10a), the Administrator has reviewed the market availability situation in each of the several States to determine whether crime insurance is available at affordable rates either through the normal insurance market or through a suitable program adopted under State law.

(b)(1) On the basis of the information available, the Federal Insurance Administrator has determined that the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and the States set forth in this paragraph have an unresolved critical crime insurance market unavailability problem requiring the operation of the Federal Crime Insurance Program therein as of June 30, 1993.

California	New York
Florida	Pennsylvania
Illinois	Tennessee
Kansas	District of Columbia
Maryland	Puerto Rico
New Jersey	Virgin Islands

(2) On the basis of the information available, the Federal Insurance Administrator has determined that the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands and the States set forth in this paragraph have an unresolved critical crime insurance market unavailability problem which requires the operation of the Federal Crime Insurance Program, therein, as of October 1, 1987. Accordingly, the Program is in operation in the following jurisdictions, as of October 1, 1987.

Alabama	Maryland
California	New Jersey
Connecticut	New York
Delaware	Pennsylvania
Florida	Rhode Island
Georgia	Tennessee
Illinois	District of Columbia
Kansas	Puerto Rico
	Virgin Islands

(c) If any of the States listed in paragraph (b) of this section, after the effective date of this subchapter, adopts a suitable program under State law to

make the standard lines of crime insurance available within that State at affordable rates, or if such insurance becomes generally available through the normal insurance market at affordable rates, then in either case the eligibility of such State for the subsequent sale of crime insurance under the Program will be promptly terminated by the insurer.

(d) Notwithstanding the provisions of § 81.7, Federal Crime Insurance policies in-force at the time a State is determined to be no longer eligible for further participation in the program shall thereupon be terminated upon 30 days written notice to the policyholders effective on the expiration date of the policy and no further coverage for such policyholders with respect to premises located in such State shall thereafter be written unless the State again becomes eligible under the program.

[36 FR 24771, Dec. 22, 1971, Redesignated at 44 FR 31177, May 31, 1979, as amended at 52 FR 21036, June 4, 1987; 52 FR 30684, Aug. 17, 1987; 57 FR 11267, Apr. 2, 1992; 58 FR 34920, June 30, 1993]

#### **§ 81.2 Eligibility requirements applicable to property owners.**

(a) To be eligible for the purchase of Federal crime insurance under the program, a property owner or tenant must:

(1) Apply separately for coverage for each eligible premises within an eligible State and personally sign each application, either on the application form itself or on any applicable amendatory endorsement, or both, as the insurer may require;

(2) Pay the annual premium or six-month premium installment at the time of application. Coverage will commence in accordance with §§ 83.5 and 83.25a.

(3) Agree to permit inspections of the insured premises by the insurer or his representative at any reasonable time or times; and

(4) Agree to report to law enforcement authorities all crime losses of property covered under each policy, whether or not a claim is filed.

(b) Failure to comply fully with the requirements of paragraph (a) of this section may result in the avoidance,

cancellation, or nonrenewal of coverage, as set forth in § 81.7.

(c) Any material misstatement of fact in the application or in any form submitted at the time of any subsequent renewal may result in the voiding of the policy and the denial of any claim. Intentionally false or misleading statements, either in the application, at the time of subsequent renewals, or in connection with any claim submitted under this program may also result in prosecution.

[36 FR 24771, Dec. 22, 1971, as amended at 43 FR 4008, Jan. 31, 1978. Redesignated at 44 FR 31177, May 31, 1979, as amended at 45 FR 41951, June 23, 1980; 47 FR 19348, May 5, 1982]

#### **§ 81.3 Use of prescribed forms required.**

No Federal crime insurance is authorized to be written under the program on any form other than the form prescribed by the insurer for the type of coverage involved. Any insurance policy purportedly issued on behalf of the insurer or any other form shall not be binding upon the insurer and shall not confer any liability upon the insurer by reason of any act or representation of the agent, broker, or servicing company in illegally causing such policy to be issued.

#### **§ 81.4 Terms and conditions of policy to govern.**

(a) Except as otherwise specifically provided by this subchapter, the respective rights and duties of the insurer and the insured shall be as set forth in the prescribed application form and the prescribed policy form. All purchasers of Federal crime insurance shall be deemed to have knowledge of the terms and conditions of coverage set forth in such policies and in this subchapter. Although the insurer will endeavor to provide actual notice of policy changes through the appropriate servicing company, modifications of this subchapter that are made during the term of an existing policy shall automatically become applicable to the policy at the time of its next renewal. All Federal crime insurance policies shall be issued for a term of 1 year, subject to semiannual premium payments.

(b) The rights of the insurer to require inspections of the insured premises, production of books and records, appraisals of damaged property, subrogation in the event of payment, and prompt notice in the event of loss, shall be as specified in the prescribed policy, of which the application forms a part. The rights of the insured with respect to the coverages provided, extensions of coverage outside the insured premises or with respect to other persons, limits of such coverages, appraisals, cancellations, and judicial review shall be as set forth in the prescribed policy.

(c) Changes in the provisions of this subchapter which broaden or liberalize the coverages being provided under the prescribed policy forms, but do not require any additional premium to be charged, shall be applicable to all existing and future policies of insurance as of the date of their adoption, without the necessity of endorsement.

[36 FR 24771, Dec. 22, 1971, as amended at 37 FR 15297, July 29, 1972. Redesignated at 44 FR 31177, May 31, 1979 as amended at 47 FR 19348, May 5, 1982]

#### **§ 81.5 Where to purchase coverage.**

Subject to the provisions of this subchapter, Federal crime insurance coverage may be purchased from any property insurance agent or broker authorized to do business in the State in which the premises to be insured are located, or directly from the appropriate servicing company.

#### **§ 81.6 How to report claims.**

Losses under a Federal crime insurance policy which exceed the applicable deductible may be reported either to the agent or broker through whom the application was submitted, or directly to the servicing company designated for the area in which the loss occurs. The claimant will be required to report all pertinent information, including a description of the loss, time, place, ownership, manner of acquisition, cost, depreciation, current value, amount of claim, and whether the insured has incurred previous losses under the policy. A sworn proof of loss statement must be submitted to the adjuster or servicing company that processes the claim.

#### **§ 81.7 Cancellations, modifications, and renewals of coverage.**

(a) Unless coverage has previously been canceled or renewal is refused by the insurer for one or more of the reasons set forth in this part, each property owner within an eligible State who is validly insured under any policy or policies of insurance issued under the Federal crime insurance program shall be entitled to renew (i.e., to purchase the then current and applicable form of crime insurance) coverage upon the expiration of such existing policy or policies. The renewal shall be subject to the rules, regulations, and policy terms, conditions, and rates then in effect.

(b) A renewal notice will be sent by the servicing company to the insured at least 30 days prior to the expiration date of each policy. Insureds renewing policies shall be furnished with such additional forms, if any, as the insurer may require in order to obtain current information pertaining to the risk. Any such form must be completed and returned by the insured with the premium. The 6-month premium installment then due, together with the insured's certification as required, must be received by the servicing company not later than the expiration date of the previous policy in order to prevent a lapse in coverage. If timely payment is received, no new policy will normally be issued, and an eligible insured's check or receipt shall constitute his proof of payment. However, if timely payment is not received, or if substantial changes have been made in the regulations or provisions governing the pertinent crime insurance coverage during the term of the insured's previous coverage, a new policy in its entirety may be issued. Reinstatement of lapsed policies by servicing companies shall not be permitted.

(c) Changes in coverage or limits of coverage may be made at any time upon submission of a new application with the applicable semi-annual premium. If the ownership of an insured premises is changed, the new owner must submit a new application with the applicable semi-annual premium. Policy coverage ceases at the time of ownership change and a policy may not be transferred or assigned to a new

owner or tenant except by submission of a new application. Policy coverage ceases at the time of any change in the ownership of or insurable interest in the premises specified in the application. Upon receipt of information indicating that such a change in ownership or insurable interest has occurred, the insurer shall issue a notice of cancellation effective the date of such change. Return of premium on a cancelled policy shall be on a pro rata basis when such cancellation is made for the purpose of changing address or coverage or limits of coverage or for purchasing crime insurance coverage in the private insurance market. Short-rate cancellation procedures shall be applicable to any other cancellation during the term of any policy. The insurer may, at the request of the insured, permit a retroactive cancellation of a policy, but in no event shall such cancellation be effective earlier than thirty days before receipt by the insurer of a lost policy release or the original policy, and such cancellation shall apply only to the policy in force at the time of the receipt of such request.

(d) Notwithstanding any unqualified cancellation provisions contained in the prescribed policy forms, the insurer hereby limits his right to cancel, or to refuse to renew coverage, to the following grounds:

- (1) Any nonpayment of premium,
- (2) Fraud or misrepresentation in the application or upon any renewal of coverage, or in connection with either,
- (3) Fraud or misrepresentation in connection with the submission of a claim,
- (4) The use of the insured premises with the knowledge of any insured for any illegal activity, or
- (5) Any other substantial failure to comply with the provisions of this subchapter or of the insurance policy as determined by the insurer and stated in its notice of cancellation.

Cancellations or any of the grounds in paragraph (d) (2), (3), or (4) of this section may, at the discretion of the insurer, be made retroactive to the date of application or renewal which immediately precedes the first known wrongful act. Refunds of unearned premiums, if any, shall be subject to offsets for the insurer's administrative

expenses (including the payment of agent's commissions, if any) in connection with the issuance of the policy, any inspections of the insured's premises and the expense of claims adjustment, if any. Cancellations by the insurer on the basis of paragraph (d)(5) of this section or as provided by paragraph (e) of this section shall be upon 30 days written notice, and the insured shall be entitled to a short rate refund of premium, if any.

(e) Willful or repeated failures of an insured to report to law enforcement authorities any losses of property covered under the policy, as required by § 81.2(a)(5), may be deemed by the insurer to warrant cancellation of coverage upon 30 days' written notice. However, such failure may be waived by the insurer prior to cancellation for good cause shown.

(f) No property owner whose Federal insurance coverage has been canceled (whether from inception or after notice) or for whom the insurer has refused to renew coverage, for any of the reasons in paragraph (d) (2), (3), (4), or (5) of this section or under paragraph (e) of this section, shall be eligible for any further insurance under the program except upon the written waiver of the Administrator, granted for good cause shown.

[36 FR 24771, Dec. 22, 1971, as amended at 37 FR 15297, July 29, 1972; 43 FR 4008, Jan. 31, 1978. Redesignated at 44 FR 31177, May 31, 1979, as amended at 45 FR 41951, June 23, 1980; 47 FR 19348, May 5, 1982]

#### **§ 81.7a Cancellations in order to renew.**

Notwithstanding the provisions of § 81.7(c), an insured shall not be permitted after the effective date of any applicable rate reduction to cancel and rewrite an existing crime insurance policy and receive a pro rata refund of unearned premium. Further, cancellation and rewrite of coverage to avoid an impending rate increase shall not be permitted, unless such cancellation was made to accomplish an increase in the amount of insurance coverage or as a result of the removal of insured to another premises.

[52 FR 30684, Aug. 17, 1987]

**§ 81.8 Inquiries and complaints.**

(a) Inquiries or complaints about the Federal crime insurance program should initially be directed to the property owner's agent or broker, or to the servicing company designated for the area in which the premises are located.

(b) Inquiries or complaints with respect to which satisfactory information or action cannot be obtained through local sources, and general or legal inquiries pertaining to the nature of the program, may be addressed to the Federal Insurance Administrator, Federal Emergency Management Agency, Washington, DC.

[36 FR 24771, Dec. 22, 1971. Redesignated at 44 FR 31177, May 31, 1979, as amended at 47 FR 13150, Mar. 29, 1982]

**§ 81.9 Penalties for false statements.**

All information provided by an applicant or a claimant on any form approved by the insurer, including representations as to the date on which such form is signed, shall be deemed material to the issuance of the policy applied for and to the disposition of claims submitted thereunder. Any false statement, misrepresentation, or concealment in the execution or submission of such forms, or in any writing or document knowingly submitted by the applicant or claimant in connection therewith, may result in his prosecution by the United States for fraud under 18 U.S.C. 1001, subject to a fine of not more than \$10,000 or imprisonment of not more than 5 years, or both.

**§ 81.10 Nondiscrimination.**

The Federal Crime Insurance Program and all policies issued or serviced thereunder are subject to applicable Federal regulations and requirements issued from time to time pursuant thereto. No persons shall be excluded from participation in, denied the benefits of, or subjected to discrimination under the Program on the grounds of race, color, sex, marital status, age or national origin. Any complaint or information concerning the existence of any such unlawful discrimination in any matter within the purview of this subchapter should be referred to the Administrator.

[45 FR 41951, June 23, 1980]

**PART 82—PROTECTIVE DEVICE REQUIREMENTS****Subpart A—General**

Sec.

82.1 Definitions.

82.2 Purpose of protective device requirements.

82.3 Classification of properties.

82.4 Inspection of residential premises following losses.

82.5 Inspection of commercial premises.

**Subpart B—Residential Properties**

82.21 Minimum standards for residences and apartments.

**Subpart C—Nonresidential Properties**

82.31 Minimum standards for industrial and commercial properties.

AUTHORITY: 12 U.S.C. 1747bbb *et seq.*; Reorganization Plan No. 3 of 1978; E.O. 12127.

SOURCE: 36 FR 24772, Dec. 22, 1971, unless otherwise noted. Redesignated at 44 FR 31177, May 31, 1979.

**Subpart A—General****§ 82.1 Definitions.**

As used in this subchapter, the term—

(a) *Baffle* means a piece of metal that covers the opening between a door and its frame at the area of penetration of the bolt or latch to deter the insertion of tools and prevent the exertion of pressure against the bolt or latch;

(b) *Central station, supervised service alarm system* means a silent alarm system that is professionally installed and is regularly maintained, that is constantly in operation, that is equipped with a telephone and electricity line security mechanism that activates the alarm if either line is cut, and which signals upon any breach of a door, window (including storefront windows and unbarred skylights), or other accessible opening to the protected premises, at a private sentry or guard headquarters that is attended and monitored 24 hours a day, that dispatches guards to the protected premises for which they have keys immediately upon the activation of the alarm, that periodically checks the operation and effectiveness